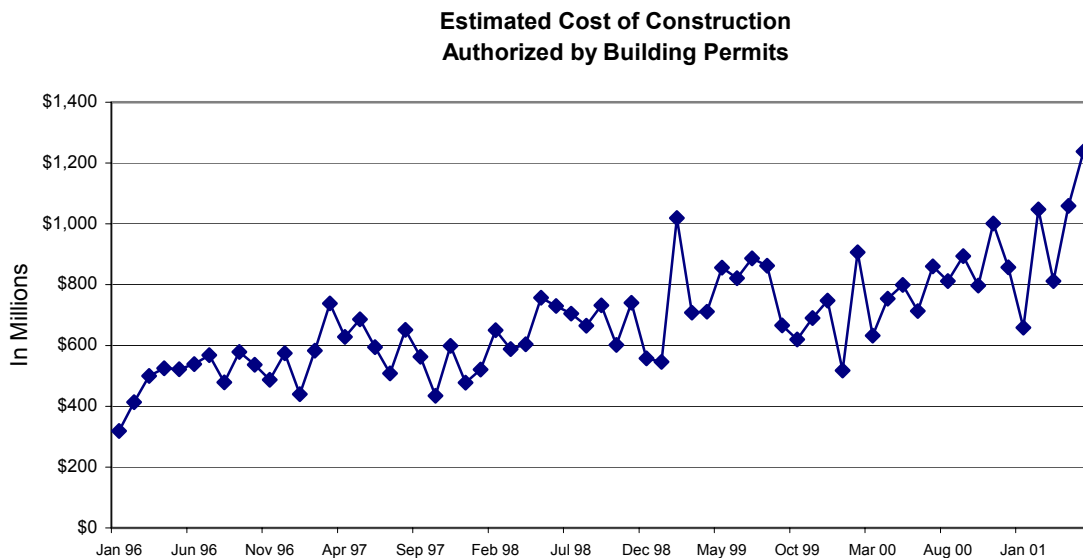


June 2001 Highlights

At the start of the 1990s, New Jersey's construction economy was in a depressed state. The number of new houses authorized by building permits dropped well below 20,000, to levels not seen since the 1940s. The industry began a steady recovery in the mid-1990s. Each year since 1995, estimated construction costs authorized by building permits grew by about one billion dollars. Authorized houses also grew steadily. Construction activity in May 2001 reached \$1.1 billion. This was an all-time high for a single month since the Department of Community Affairs began collecting and publishing construction data more than five years ago.

June's activity surpassed last month's total by \$178.1 million. The estimated cost of construction authorized by building permits in June was \$1.238 billion; 501 municipalities reported. Residential construction amounted to \$572.6 million (46.3 percent). Office, retail, and other nonresidential structures totaled \$665.1 million (53.7 percent). New housing also was up. New Jersey municipalities issued building permits for 3,339 new housing units in June.



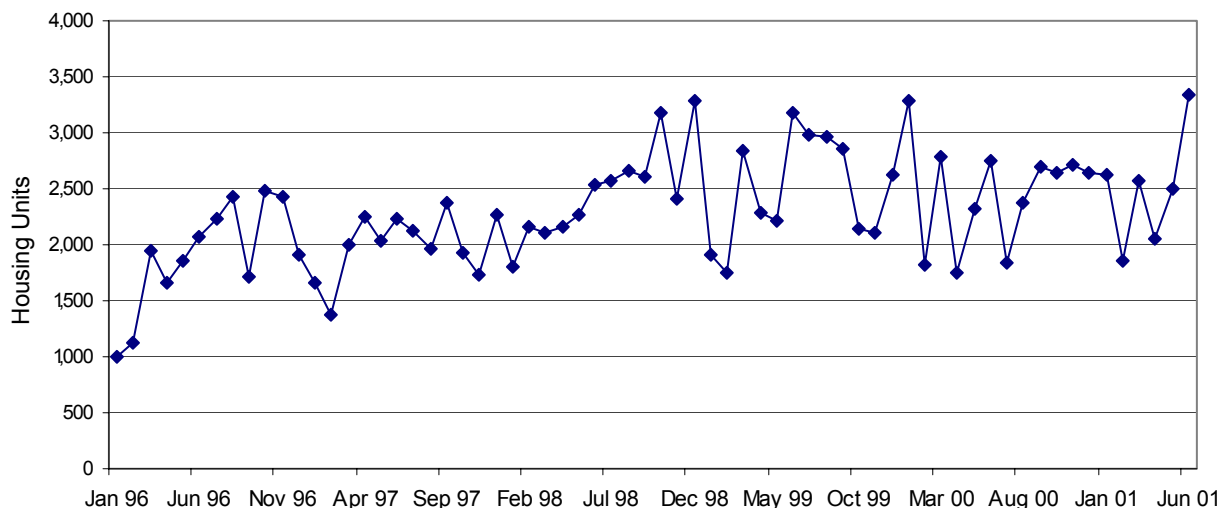
Boom Time on the Gold Coast

One municipality stands out. Jersey City in Hudson County has seen a housing and office boom unlike that in any other locality. In 1999, New Jersey's second largest city led all municipalities with the most new housing (1,783 units), the most new office space (1.4-million square feet), and the most total construction activity (estimated at \$354.4 million). Just for the month of June, the City reported a level of activity that surpassed records set for the entire year in 1999. The estimated cost of construction authorized by building permits in June was \$412.1 million. Three permits accounted for most of this activity. Work began on a new, 1.5-million-square-foot office building for a large financial investment firm. The estimated cost of construction for the 43-story structure was \$254.6 million. This is the

largest building permit reported to the Department of Community Affairs since the agency began publishing construction data in 1995. Two large, multifamily housing complexes also broke ground in June. One of the developments is a high-rise structure (37 stories) with 648 market-rate units and an estimated construction cost of \$69.2 million. The other has 296 market-rate dwellings and an estimated cost of \$68.2 million.

Other localities had big projects in June, but none on the level with Jersey City. The estimated cost of all construction authorized by building permits in Tabernacle Township, Burlington County totaled \$25.2 million of construction. Most of this was for a new, 187,000-square-foot high school (\$23.8 million). East Brunswick Township in Middlesex County had \$16.5 million in construction for residential and commercial (hotel and office) development. There also were several large public works projects that included a sewage treatment plant for a regional sewer authority in Monmouth County, and facility construction by the University of Medicine and Dentistry of New Jersey and Rowan College.

Housing Units Authorized by Building Permits



Mid-Year Review

Major construction indicators are up compared to this time last year. This is due in large measure to the development in Jersey City. Between January and June 2001, the estimated cost of all construction authorized by building permits was \$6.2 billion, about \$1.4 billion more than the first half of the year 2000, an increase of 28.3 percent. Jersey City issued building permits for \$718.9 million of construction, accounting for 11.8 percent of all activity.

Major Construction Indicators, New Jersey: January – June				
Period	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
January – June '97	\$3,926,007,970	12,824	3,527,402	2,622,495
January – June '98	\$4,121,149,094	15,139	4,780,300	4,128,120
January – June '99	\$4,994,367,961	16,809	5,254,870	3,596,066
January – June '00	\$4,798,965,724	16,849	5,972,159	2,233,888
January – June '01	\$6,157,204,386	16,834	9,771,589	3,244,421
<i>Difference Between 2000 and 2001</i>				
2000-2001	\$1,358,238,662	-15	3,799,430	1,010,533
Percent Change	28.3%	-0.1%	63.6%	45.2%
Source: N.J. Department of Community Affairs, 8/8/01				

A little more than ten percent of all the new houses authorized by permits were in Jersey City. Between January and June, New Jersey localities issued building permits for 16,834 new dwellings, which was about the same as last year; 1,739 of these new units were in Jersey City.

New office construction increased by 3.8 million square feet, or 63.6 percent, compared to the first half of the year 2000. About 30 percent of all the new office space was in Jersey City. Retail construction in the first half of 2001 is up by about one million square feet compared to January through June 2000. Mount Olive Township in Morris County led all municipalities with the most new retail space (450,220 square feet).

New House Prices

The median sales price of the 5,079 new houses that began enrollment in a new home warranty program in the second quarter of 2001 was \$248,750. This was 2.4 percent more than the median sales price last quarter. Somerset County had the most expensive new houses. Half of the 198 new houses that began enrollment in a new home warranty program in the second quarter of 2001 cost more than \$414,374.

Period	Number of New Houses	Median Sales Price	Percent Change
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
First Quarter 2001	4,262	242,900	3.0%
Second Quarter 2001	5,039	248,750	2.4%
Source: New Jersey Department of Community Affairs, 8/8/01			